

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 PM-07 NSC-10 SPC-03 SS-20 RSC-01 MC-02

L-03 SEC-03 CIAE-00 INR-10 NSAE-00 PRS-01 DODE-00

OMB-01 TRSE-00 EB-11 COME-00 SY-10 /103 W

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R 161805Z JAN 74

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 4515

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E.O. 11652 - N/A

TAGS: BBAK, ETRN, ES

SUBJECT: PROPOSED HELICOPTER/AIRCRAFT PLANT

REF: SAN SALVADOR 4690; B. STATE 007598

1. ACTION REQUESTED: INFORMATION PROMISED IN REFTEL B CONCERNING PATTERSON CORPORATION AND A NAME CHECK ON AMCIT JOSEPH R MEROLA.

2. EMBOFF MET WITH LIC ROEDER, MANAGUER OF INSAFI, JANUARY 15 AND INFORMED HIM FROM REFTEL B. THAT THAT THE USG WAS AS YET UNABLE TO SAY ANYTHING DEFINITIVE CONCERNING PATTERSON, EXCEPT THAT THE SEC AND OTHER INTERESTED AGENCIES WERE STUDYING PROBLEMS RELATING TO PERSONS INVOLVED IN PATTERSON, THE BONA FIDES OF CARR, AND THE SIGNIFICANCE OF THE OCT 31 CHANGE OF HANDS. ROEDER WAS TOLD WE HOPEFULLY WILL HAVE SOMETHING CONCRETE TO PASS TO HIM AROUND THE END OF THE MONTH.

3. ROEDER WAS DISAPPOINTED THAT THAT THE BOARD OF INSAFI HAS SCHEDULED THE PATTERSON APPLICATION FOR CONSIDERATION JAN 16 AND HE HAD HOPED FOR USG GUIDANCE. HE SAID HE AND HIS ASSOCIATES ARE QUITE NATURALLY NERVOUS OVER ANY REQUEST FOR \$5 MILLION, BUT IN THIS CASE ADDITIONALLY SO SINCE THE PROJECT IS NEW TO THE AREA (UNTESTED MARKET) AND THE FIRM'S

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REPUTATION CLOUDY. NEVERTHELESS INSAFI SEES VALUE IN THE

COUNTRY'S BEING FIRST IN THIS TYPE OF BUSINESS AND IN THE EMPLOYMENT POTENTIAL OF WHAT IS TO BE CALLED "CENTRAL AMERICAN AEROSPACE." HE SAID HE WAS INCLINED TO RECOMMEND APPROVAL OF THE APPLICATION FOR A LINE OF CREDIT UP TO \$5 MILLION ON THE CONDITION THAT NO DISBURSEMENTS BE MADE UNTIL THE HELICOPTER PARTS WERE IN EL SALVADOR.

4. LARRY CARR, WHO NOW RESIDES HERE IN A LEASED HOME, MODIFIED HIS FEASIBILITY STUDY (COPY FURNISHED JAN 16 TO ARA/CEN/ES) AND CHANGED THE PROPOSED NAME TO CENTRAL AMERICAN AEROSPACE. CHIEF MODIFICATIONS ARE REDUCTION OF PROJECTED STAFF, MODIFICATION OF REVENUE FORECASTS, AND INCLUSION OF REVENUES FROM AIRCRAFT MAINTENANCE OPERATIONS AND MANUFACTURE OF FIXED WING AIRCRAFT. INSAFI WELCOMED THE MORE REALISTIC SUBMISSION. FAILING APPROVAL BY INSAI FOR A LOAN, CARR IS PREPARED TO REQUEST THAT INSAFI GUARANTEE A LOAN OF \$2 MILLION WHICH WOULD BE MADE BY FIRST NATIONAL CITY BANK. THE LATTER HAS MADE A VERBAL COMMITMENT CONTINGENT UPON A GUARANTEE BY A GOES ENTITY.

5. CARR CONTINUES TO CLEAR UP TRACES OF "OLD PATTERSON". HE SAYS HE WILL NO LONGER USE THE SERVICES OF GORDON COOPER; HE WILL ALSO TERMINATE SERVICES OF SALVADORAN EDGARDO GUEVARA AFTER VIEWING HIS "STYLE" OF OPERATION. EMBOFF HAS MET SEVERAL OF PATTERSON'S BOARD MEMBERS AND IS IMPRESSED WITH THEIR CONCERN TO CONDUCT BUSINESS HERE ABOVE BOARD. NONE ARE CONCERNED OVER THE SEC SUSPENSION IN TRADING SINCE THEY DO NOT WANT STOCK MOVING AT THIS TIME.

6. A NEW PARTICIPANT IN PATTERSON, AMCI JOSEPH R MEROLA, APPEARED ON THE SCENE MID-DECEMBER (RETURNED TO US ABOUT JAN 15) AND HAS SPOKEN OPENLY OF THE FIRM'S PROSPECTS FOR ARMS TRADE, CONTRABAND, ETC. HE IS OPENLY ALLEGING PREVIOUS CIA EMPLOYMENT AND INVOLVEMENT IN BAY OF PIGS. CARR TOLD EMBOFF HE BELIEVES MEROLA IS AN UNSAVORY CHARACTER AND HE BELIEVES MEROLA ACQUIRED HIS 32,000 SHARES IN EXCHANGE FOR A LOAN TO THE "OLD" PATTERSON. CARR SAID MEROLA IS NOT INVOLVED IN ANY WAY IN MANAGEMENT IN THE EL SALVADOR PROJECT. DESPITE HIS PROFESSED ALOOFNESS TO MEROLA, WE KNOW CARR HAS SPENT TIME WITH HIM HERE. WOULD APPRECIATE NAME CHECK FROM APPROPRIATE USG AGENCIES.

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MOSKOWITZ

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Message Attributes

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